

Message Text

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SUBJ: EXHIBITION, USSR, FALL 1976

REF: USDOC 9399

1. ALTHOUGH COMMERCIAL OFFICE AGREES THAT OCTOBER 1976 BAKU FOOD AND WINE PROCESSING MACHINERY EXHIBITION IS ATTRACTIVE IN TERMS POTENTIAL INCREMENTAL SALES, WE BELIEVE THAT LOGISTICAL AND OTHER PROBLEMS IN STAGING EXHIBITION IN BAKU MAKE THIS A VERY DOUBTFUL VENTURE. AS BEWT/TPD AWARE, WE BELIVE PROPOSAL TO ORGANIZE BUSINESS DEVELOPMENT OFFICE AT ONE OF SPECIALIZED EXHIBITIONS OUTSIDE MOSCOW HAS MERIT, PARTICULARLY IN THAT THIS WILL PROVIDE US WITH RELATIVELY LOW COST MEANS TO EVALUATE THESE EXHIBITIONS IN TERMS POSSIBLE FULL SCALE USDOC PARTICIPATION. HOWEVER, WERE WE TO HAVE BDO AT SPECIALIZED EXHIBITION IN MINSK IN MAY 1976, THIS WOULD NOT ALLOW US SUFFICIENT TIME FOR EVALUATING RESULTS PRIOR TO BAKU SHOW IN OCTOBER. CONSEQUENTLY, WE WOULD RECOMMEND AGAINST GOING INTO BAKU SHOW.

2. FOLLOWING ARE RESPONSES TO SPECIFIC QUESTIONS POSED REFTEL REGARDING BAKU SHOW:

A) WE ASSUME THAT ADEQUATE EXHIBIT SPACE WILL BE AVAILABLE AND THAT RATES WILL BE SAME AS MOSCOW.

B) IT IS MUCH TOO EARLY TO PREDICT LEVEL OF FOREIGN

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PARTICIPATION AT BAKU SHOW.

C) IF BAKU SHOW FOLLOWS STANDARD FORMAT FOR SPECIALIZED EXHIBITIONS, IT SHOULD NOT RPT NOT BE OPEN TO PUBLIC.
D) FTO PURCHASERS WILL DEFINITELY BE SENT TO BAKU FOR EXHIBIT, BUT LEVEL OF COMMERCIAL ACTIVITIES WILL CERTAINLY BE LOWER THAN AT MOSCOW SHOW.
D), F) AND G) WE FEEL SURE THAT FACILITIES AND LOCAL HELP WILL BE ADEQUATE.
H) COMMERCIAL OFFICE WILL NOT BE ABLE TO SUPPORT A SHOW IN BAKU TO SAME DEGREE AS WE DO IN MOSCOW, ALTHOUGH WE WOULD DO OUR BEST.
I) TRANSPORTATION IS A BIG QUESTION MARK AND WE HAVE NO WAY OF ESTIMATING COSTS.
J) WE ARE NOT IN POSITION TO ESTIMATE COSTS;
K) SEE PARA ONE ABOVE;
L) EVEN IF FUNDS WERE AVAILABLE, WE WOULD NOT AT THIS TIME RECOMMEND SOLO FOOD PROCESSING EQUIPMENT EXHIBIT. PICTURE MIGHT BE CLEARER AFTER OCTOBER 1975 PRO-PAK USSR EXHIBITION.

3. OUR RECOMMENDATION FOR FALL 1976 MOSCOW EXHIBITION WOULD BE CONSTRUCTION EQUIPMENT SHOW. WHILE WE RECOGNIZE DIFFICULTIES INHERENT IN THIS SHOW, WE BELIEVE THAT VIABLE FORMAT CAN BE DEVELOPED PROVIDED WE CAN DIFFERENTIATE BETWEEN OLD AND NEW-TO-MARKET COMPANIES, WITH ESTABLISHED FIRMS SUCH AS IH, CAT, CASE, FIAT-ALLIS, ETC. PAYING SUBSTANTIALLY HIGHER RATE THAN SMALLER, NEW-TO-MARKET FIRMS. WE HAVE IMPRESSION THAT FLEXIBLE COST-SHARING FORMULA HAS BEEN DEVELOPED FOR PARIS AIR SHOW, AND THIS COULD PERHAPS SERVE AS MODEL. THIS EXHIBITION WILL BE STAGED AT NEW MOSCOW EXHIBITION CENTER. FIRST PAVILION (CONSTRUCTED BY GLAHE) WILL BE READY. IN ADDITION, THERE WILL BE APPROXIMATELY 100,000 SQUARE METERS OF OUTSIDE, PAVED, EXHIBIT AREA ADJACENT TO PAVILION. ADDITIONAL AREA FURTHER AWAY FROM PAVILION WILL BE AVAILABLE FOR DEMONSTRATION OF CONSTRUCTION EQUIPMENT IN OPERATION. OFFICIALS OF TRAKTOROEXPORT AND AVTOEXPORT HAVE ASSURED US THAT IT WILL BE POSSIBLE TO "PRESELL" MOST, IF NOT ALL OF EXHIBIT EQUIPMENT, THUS ELIMINATING RETURN SHIPMENT PROBLEM. HOWEVER, IN VIEW EXTREMELY LONG LEAD TIMES FOR OBTAINING EQUIPMENT FOR EXHIBIT IN THIS PRODUCT AREA, WE SHOULD BEGIN RECRUITING AND PLANNING FOR THIS SHOW NO LATER THAN SEPTEMBER 1, 1975.

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3. IF WE DO NOT GO INTO CONSTRUCTION EQUIPMENT SHOW, "MUNICIPAL SERVICES AND DOMESTIC EQUIPMENT EXHIBITION" WOULD BE GOOD SALES PROMOTIONAL VEHICLE. THIS IS AREA WHICH IS RELATIVELY UNDERDEVELOPED IN USSR AND REQUIREMENTS FOR IMPORTED EQUIPMENT WILL BE SUBSTANTIAL. IN ADDITION, A SUBSTANTIAL PORTION OF SPECIFIC TYPES OF EQUIPMENT WHICH SOVIETS HOPE TO HAVE DISPLAYED AT THIS SHOW WILL BE DESTINED

FOR FACILITIES CONNECTED WITH 1980 OLYMPIC GAMES, WHICH WE BELIEVE WILL HAVE VERY HIGH PRIORITY IN ALLOCATION OF HARD CURRENCY DURING NEXT FIVE-YEAR PLAN.

4. TO SUM UP, WE RECOMMEND GOING INTO CONSTRUCTION EQUIPMENT SHOW, ASSUMING THAT SUITABLE COST-SHARING FORMULA CAN BE DEvised. MUNICIPAL SERVICES AND DOMESTIC EQUIPMENT EXHIBITION WOULD BE VERY GOOD SECOND CHOICE. BAKU EXHIBITION SHOULD BE AVOIDED FOR REASONS OUTLINED ABOVE.
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